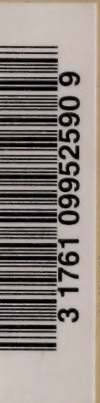


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THE PAYNE TARIFF BILL

SPEECH

OF

HON. SAMUEL W. McCALL
OF MASSACHUSETTS

IN THE

HOUSE OF REPRESENTATIVES

APRIL 1, 1909



WASHINGTON
1909

79932-8214

SPEECH
OF
HON. SAMUEL W. McCALL.

The House being in Committee of the Whole House on the state of the Union and having under consideration the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes—

Mr. McCALL said:

Mr. CHAIRMAN: When the committee was beginning its hearings, early in November, some so-called "commercial organizations" and some enterprising gentlemen of the press declared it was entering upon a make-believe effort at a downward revision; and so far as the organizations and gentlemen I refer to had any influence, the work was discredited in advance. What, it was asked incredulously, could the cause of tariff revision expect from a committee headed by two such archstandpatters, hopelessly beyond redemption, as the gentleman from New York and the gentleman from Pennsylvania?

When little David Copperfield took supper with Uriah Heep and his mother, we are told that he stood about as much chance against two such old hands as a tender young cork would stand against two old experienced corkscrews; and we were led to believe the cause of reduction of the tariff, with the gentleman from New York and the gentleman from Pennsylvania leading in the movement, would be in much the same plight.

After four months of arduous work on the part of the committee a bill was at last presented to the House, and with the appearance of the bill it is significant that criticism of the character to which I have referred entirely ceased. The same gentlemen who had been engaged in questioning the good faith of the committee in advance were compelled to abandon the task which they had undertaken, and they have since employed their talents in discovering "jokers" in every paragraph of the bill.

The reason is obvious. Whether you agree or disagree to the particular provisions of the bill, there can be no question in the mind of any man who has made in any detail a study of its provisions that it revises the tariff downward; that it makes some great and many important reductions from existing duties, and that as a whole, if it shall become a law upon the essential lines upon which it is drawn, it will make a greater reduction of duties upon important articles than any general law which has been enacted for a half century.

The gentleman from Missouri, the leader of his party in the House, has stated that the average ad valorem of the bill is slightly greater than the average of the present law. That is true, but not at all interesting as giving even a superficial test of the general character of the bill.

The average ad valorem to which he refers is reckoned upon the dutiable articles. If a bill were presented here which removed every tariff duty except upon sheep dip and cutch or any other two obscure articles and left a duty on them of, say, 90 per cent, it could be argued that such a bill gave a revision upward with a vengeance, because its average ad valorem was twice the average upon dutiable articles of the existing law. It is one of the characteristics of a free-trade system of duties that it has a high average ad valorem upon dutiable articles. The average of the tariff of Great Britain, the great free-trade country of the world, is much greater than that of the pending bill or of our present law. As I said, this average does not present even a superficial test. It takes no account whatever of articles taken from the dutiable and put upon the free list. Take the article of sugar. We have decreased the duty and yet increased the average ad valorem upon dutiable sugar because we put Philippine sugar on the free list.

Let me call your attention to the character of the changes which the pending bill proposes. First, it takes things like cocoa, mahogany, and other important articles now upon the free list and imposes a revenue duty upon them—and I use "revenue" here strictly in the free-trade sense of that term. The articles of the class to which I have referred are, in the main, not produced in the United States.

They are among the things that would be selected for the purpose of a purely revenue tax. In the aggregate the importations of these articles amount to \$38,379,000, and it is estimated that they will produce in revenue \$14,669,000, or an average ad valorem of 38.19 per cent. These things are now on the free list, and, in comparison, upon the average ad valorem basis, they would tell very strongly against the pending bill. But the importation of these articles is offset by transfers of about \$35,000,000 in value of articles to the free list. These articles lie at the basis of great industries. And the difference in character between the two classes of articles involved in the exchange between the two classes of articles strikingly shows the general character of the bill. The lists prepared by Mr. Evans, the assistant clerk of the Ways and Means Committee, are as follows:

Free articles transferred to dutiable list by Payne bill.

Article.	Value.	Duty.
Oxalic acid.....	\$334,856.00	\$71,291.05
Oils:		
Anise or aniseed.....	32,805.00	8,201.25
Bergamot.....	192,485.00	48,121.25
Cedrat.....	426.00	103.50
Citronella, or lemon grass.....	223,276.00	55,819.00
Jasmine, or jasamine.....	15,151.00	3,787.75
Juniper.....	7,620.00	1,905.00
Lavender and aspic, or spike lavender.....	227,117.00	56,779.25
Lemon.....	218,749.00	54,687.25
Neroli, or orange flower.....	95,759.00	23,939.75
Nut oil, or oil of nuts.....	772,077.50	193,014.37
Orange oil.....	122,634.00	30,658.50
Roses, attar of.....	332,697.00	83,174.25
Rosemary, or anthoss.....	17,861.00	4,465.25
Enfleurage grease.....	404,316.00	101,079.00

Free articles transferred to dutiable list by Payne bill—Continued.

Article.	Value.	Duty.
Outch.....	\$321,016.00	\$70,526.33
Zinc in ore.....	103,330.75	92,390.26
Calamine.....	703,741.10	703,741.10
Cabinet woods, in rough.....	3,719,933.08	185,996.66
Briar root, etc.....	237,758.00	11,887.90
Sticks, joints and reeds.....	238,619.18	11,930.96
Rattans, etc.....	1,116,179.00	55,808.95
Yams.....	2,911.00	727.75
Fruit in brine:		
Citron.....	165,531.00	66,146.76
All other.....	43,987.80	17,595.12
Cream and Brazil nuts.....	477,292.90	120,894.50
Cocoa, or cacao, crude, and shells of.....	8,689,119.00	3,202,854.40
Spices, unground.....	4,505,179.50	1,351,553.85
Mustard seed.....	195,276.00	58,82.80
Tea.....	14,583,400.57	7,953,668.70
Articles, crude, used in dyeing.....	177,436.00	17,743.60
Articles, crude, used in tanning.....	101,193.00	10,119.30
Total, free to dutiable.....	38,379,711.48	14,669,198.36

Dutiable articles transferred to free list by Payne bill.

Article.	Value.	Duty.
Ammonia, sulphate of.....	\$501,570.00	\$55,091.56
Copperas, or sulphate of iron.....	28.00	1.40
Licorice, extracts of, in pastes, rolls, or other forms.....	95,450.90	39,751.72
Cotton-seed oil.....	23.00	2.60
Croton oil.....	929.00	489.40
Opium prepared for smoking.....	1,305,283.00	834,636.00
Iron ore.....	766,222.00	147,828.46
Iron ore from Cuba.....	1,952,501.00	196,683.52
Basic slag.....	13,591.00	1,613.04
Fence posts.....	9,730.99	973.12
Tallow.....	63,805.00	6,811.99
Flax straw.....	19.00	7.23
Flax, not hackled or dressed.....	1,585,652.00	136,227.40
Wood pulp, mechanically ground.....	1,237,628.65	154,983.34
Bituminous coal and shale.....	3,314,339.00	739,828.32
Slack or culm of coal.....	924,313.36	102,285.57
Patent fuel.....	618.00	123.60
Coke.....	698,907.05	139,781.40
Hides:		
Buffalo.....	1,797,108.00	269,566.20
Other cattle.....	19,984,610.37	2,997,691.59
From Cuba.....	143,861.00	17,263.32
Agricultural implements.....	24,785.63	4,957.13
Casein.....	6,602.00	1,320.40
All from Philippine Islands (Schedule A-N).....	1,266,424.06	529,616.17
Total, dutiable to free.....	35,694,002.06	6,377,534.48
	1,305,283.00	834,636.00
	34,688,739.06	5,542,898.48

In addition to the things upon which purely revenue duties are levied, the increases of the bill amount in the aggregate only to about 25 in number. There are a few very small increases in the chemical schedules. There are four or five small increases in the earth and earthenware schedule. The

only increases that could really be called large that are made in the schedules upon important articles are upon zinc, upon certain grades of hosiery, and upon women's gloves. To offset them there are forty-odd reductions, some of them very heavy, in the chemical schedules; ten or more reductions in the earth or earthenware schedule; fifty or more in the great metal schedule, and as many more in the remaining paragraphs of the bill. The tally will stand about 25 increases, most of them unimportant, as against about 150 decreases, many of them very important. Coal, agricultural machinery, fence posts, sulphate of ammonia, hides, works of art over 20 years old, and iron ore are placed upon the free list. The articles upon which the reductions and removals of duty have been made may or may not have been wisely chosen, but that they are of great number and include things of prime importance in the industry of the country there can be no doubt whatever.

Mr. HARRISON. Will the gentleman yield for a question?

Mr. McCALL. Certainly.

Mr. HARRISON. Will the gentleman indicate along what lines of principle these raises were made that he has spoken of, and upon what principle the decreases were made, if any?

Mr. McCALL. I have a table which will show the most important of the increases and the most important of the decreases; that is, where the articles were taken off of the free list and articles put upon the free list.

Mr. HARRISON. What I want to ask is, What actuated the committee in making the raise?

Mr. McCALL. I really do not think the raises are of consequence enough for me to waste time to discuss them. I can frankly, however, for the purpose of argument, admit that they are all bold, bad things, but I offset them by the great decreases made in the bill. They are not all bold, bad things. I am coming later to a discussion of the increases and decreases. I am now simply talking to this point, that gentlemen who get up here and plead that this bill does not make substantial reductions in the tariff, general reductions in many of the schedules, either have not read the bill or are not correctly presenting it.

Mr. HARRISON. Does the gentleman think that the reductions in the bill have reduced it to a revenue point, or are not the rates still prohibitory?

Mr. McCALL. Undoubtedly the reductions on many of the articles will stimulate importation.

Mr. HARRISON. Does the gentleman believe that is true of the steel schedule?

Mr. McCALL. I believe there will be material increases of duties in the steel schedule. Now, I trust my friend will not anticipate my whole argument, because I propose to say something upon these schedules and among them something on the steel schedule.

Everyone who looks at the bill in even a cursory fashion must admit that the combined weight of the increases is, from the standpoint of the general industry and commerce of the United States, almost infinitesimal when compared with that of the decreases made in the bill. No one can honestly say to the gentleman from New York, zealously assisted as he has been

by the gentleman from Pennsylvania and by his other colleagues, whatever the crimes of the bill may be, that it does not present a great and comprehensive scheme of tariff revision, in which the reductions vastly preponderate over the increases.

I am far from claiming that the present bill is from my own point of view a perfect measure. I have no fancy for the inheritance tax nor for the tea tax, and neither do I fancy all the reductions or increases that have been made. It would be impossible for 12 men, whether we take the Republican members of the Ways and Means Committee or any other 12 men from either party in the House of Representatives, to agree upon a general tariff bill applying to some 5,000 different articles and have them agree upon every one. It would be rare that 1 of the 12 would get his first choice, and he would be quite fortunate to get even his second choice, while sometimes he would be at the bottom of the heap. But I believe of this bill, as a whole, when we consider the necessities for revenue and the general conditions of the country, that it contains the best set of tariff schedules ever submitted to the House of Representatives by a Committee on Ways and Means. While it recognizes the principle of protection to American industries, and recognizes it as a national and not as a sectional policy, it is leveled against the idea that it is an important function of tariff taxation to increase the fortunes, already great, of those gentlemen who have secured control of some of the great natural resources of the country, or that it is a function of a tariff law to put duties so high that producers in this country by a combination to destroy competition may use them for the purpose of extorting excessive profits from the people. If this bill should become a law substantially upon the lines upon which it is drawn, it will be a most fortunate circumstance for the country that it has had at the head of the committee which framed it a man who has spent his days and nights in the study of the subject and who has the unwearied industry, the great capacity, and the wide knowledge of SERENO PAYNE. [Applause.]

After his exhaustive exposition of the principles of the bill there is no occasion, and, indeed, no excuse, for an explanation of its details by anyone on this side of the House. What I shall say will be devoted to three or four paragraphs and to some considerations which have occurred to me in the course of this debate. I shall speak first of the paragraphs relating to shoes and leather and hides. Whatever inference may have been drawn from remarks made in debate concerning the shoe manufactures of the United States, it is far from being a sectional industry. It has been spreading over the country and gradually drawing nearer the sources of the material from which leather is made until it has become a great national industry. I have been told that our greatest shoe manufacturing concern is upon the west bank of the Mississippi River. During each of the last three periods given by a recent census bulletin the State of Missouri has more than doubled in the value of its production of boots and shoes. From 1880 to 1890 its production increased 144 per cent; from 1890 to 1900, 132 per cent; and in the five years from 1900 to 1905, 108 per cent; and there has been a healthy increase in the other States of the Central West.

The total value of the products of this industry in the United States amounts to the enormous sum of \$400,000,000 each year.

It has never been found possible in these days of combinations to create anything bearing the slightest resemblance to a shoe trust. There are more than 1,300 distinct establishments. While I do not believe in the great disparity of wages here and abroad shown by some of the statistics presented to the committee, there is no doubt that the American wages are very much in excess of the wages in this industry abroad.

The enterprise of our manufacturers and the ingenuity of our inventors and workingmen have enabled this country to lead the world in the production of shoes, but, as was shown by my colleague on Saturday, foreign countries are getting the advantages of our shoe machinery.

I can scarcely believe that the gentleman from Missouri [Mr. CLARK], the leader of the minority party, is serious in the purpose which he has announced, to place boots and shoes upon the free list.

Mr. BURLESON. Will the gentleman yield?

Mr. McCALL. Certainly.

Mr. BURLESON. It may be that the shoe manufacturers of Missouri do not want protection. I hold in my hand a letter from a man who says he is one of the largest shoe manufacturers of the United States, and he begs that shoes be put upon the free list. I would be glad to submit that letter to the gentleman, if he desires to see it.

Mr. McCALL. I do not question that at all. I do not know what that gentleman makes, but if he makes the ordinary kind of shoe, I believe that he would be driven to the wall if shoes were put upon the free list; and I propose to discuss that very question right now in this connection.

Mr. BURLESON. And he claims that he is one of the largest shoe manufacturers of the United States, and begs that they be put upon the free list.

Mr. McCALL. I have heard that claimed by others.

Mr. BURLESON. He lives in Columbus, Ohio.

Mr. McCALL. I think that is a circular letter. I do not know just what the relations of the man to the shoe industry are. The total value of the products of boots and shoes in the United States amounts to over \$400,000,000 each year.

Mr. STANLEY. Will the gentleman yield?

Mr. McCALL. Yes.

Mr. STANLEY. I know that the gentleman from Massachusetts [Mr. McCALL] is thoroughly familiar with the subject, and I wish to ask him if he was forced to choose between free hides and free shoes both, or to take the present tariff on shoes and the present duty on hides, which he would think would be preferable for that industry.

Mr. McCALL. Mr. Chairman, if the gentleman will wait, I was going to cover the shoe question and the hide question, and I may follow along a line which may possibly enlighten the gentleman with reference to my own views on the subject.

Mr. SULZER. Will the gentleman yield?

Mr. McCALL. Yes.

Mr. SULZER. Can the gentleman state to what extent boots and shoes are being exported from the United States?

Mr. McCALL. There is not a large exportation of boots and shoes. In fact, it is an exceedingly small percentage, not merely

of our production, but of the consumption of the countries to which we send them.

Mr. SULZER. Is it not a fact, however, that boots and shoes manufactured in the United States are sold in foreign countries cheaper than to Americans at home?

Mr. McCALL. I do not think that is true. There is not any surplus of boots and shoes to export. They do not have to resort to dumping.

Mr. SULZER. I am reliably informed that boot and shoe manufacturers in New England sell their products cheaper in Canada than in the United States.

Mr. McCALL. I think my friend has been misinformed. Now, we have a great advantage in machinery, but as was shown by my colleague on Saturday, the gentleman from Massachusetts [Mr. GARDNER], foreign countries are about to have the full advantage of all of our shoe machinery.

The great United Shoe Machinery Company has established agencies abroad. It is equipping factories there with the most modern machinery. It has experts training the foreigners in the use of these machines, and there can be no doubt that labor abroad will be substantially as productive in this industry as it is in the United States. I know it goes well just before an election to tell about the immensely superior quality of our labor to that of Europe, but we know that the workingmen of Great Britain, Germany, and France are intelligent and industrious, and when they are trained in the use of this machinery they will probably fall little below our own shoemakers in point of efficiency. We know what those countries have done in other lines of manufactures. With the same kind of textile machinery as ours they have reached a point of productiveness where, unless we had protective duties, they would close similar mills in the United States.

This bill proposes to reduce the duty on shoes from 25 per cent to 15 per cent. Estimating this upon the value of the product, it represents at least a half dozen times as great a sum as the 15 per cent upon hides, reckoning it upon all the dutiable hides produced in this country, although very many of these hides are used in other leather industries than the boot and shoe industry.

The bill places hides upon the free list. I do not propose to call hides a raw material, because I think that is a much abused term. If one man uses the finished product of another, he is quite apt to call it raw material. Speaking now without any particular reference to the shoe manufacturers, I can say that if I had begun work upon this tariff bill with the idea that manufacturers were, in every instance, benevolent gentlemen, asking that duties be fixed without reference to their own advantage but purely with regard to the public welfare, that illusion would long ago have been dispelled. They are patriots doubtless, but I have noticed that some of them show that discriminating and thrifty patriotism which asks protection upon what they make and free trade in what they make it out of. The questions in regard to the leather industry must be settled upon the basis of the general welfare. To my mind it is inevitable if you put boots and shoes upon the free list that you will endanger a great American industry.

Now, what will be the effect of returning to our ancient and almost uninterrupted policy of having hides upon the free list, for the first tariff act, signed July 4, 1789, placed hides upon the free list and there they remained until the enactment of the Dingley law, except when the country was looking for revenue to pay the expense of war. We export no cattle hides from the United States except such as are on the living animal, and we produce in this country but little more than half the hides of the dutiable kind that we need. The purpose of restricting our markets is not, therefore, to find a home market for the hides we have, but simply to increase their price.

Who gets this increased price, amounting in the aggregate upon the hides raised here to about \$7,000,000? Some say the packer gets it all. Some say the farmer gets it all, while most agree that it is divided between the farmer and the packer. Suppose the farmer gets half of it, or \$3,500,000. That, I believe, is a small sum compared with the aggregate that will be saved to the farmers in the reduced cost or increased quality of their boots and shoes and other articles which are made of leather.

But I have not yet happened to hear in this debate what to my mind is a most important argument in favor of free hides. Whether or not it is true that the packers control the sole leather industry of the United States, their relations with that industry are very intimate. Such hides as those which are protected by the duty are chiefly used for making sole leather. The packers, in the regular course of their business, have about two-thirds of all these hides. The work of taking them off is more scientifically done in their establishments and they are better for tanning purposes. The packers have agencies all over the country and business connections which give them a great advantage over the tanner in purchasing the remaining third of the hides which they do not in the first instance control.

With two-thirds of the hides, and the best ones, owned by them and with their better means of securing the remainder they have the control of the great bulk of the raw material for sole leather, and if the duty of 15 per cent is to be left upon the foreign hides it would be only the forbearance of the packers that would prevent them from taking advantage of obvious economic conditions, forming a sole-leather trust, and completely controlling the manufacture and sale of sole leather in the United States. And the control of sole leather might lead to a trust in shoes. And with a leather or shoe trust controlled by the packers, whatever part the farmer received by reason of the duty on hides would be of very little consequence compared with the extra price that he would pay for articles made of leather. And, taking the aggregate of the whole people of the United States, the exaction of a sole-leather trust alone would probably outweigh the total value of all our domestic hides of the dutiable kind.

With free hides the tanner of sole leather will not be dependent upon the packer. He will have all markets to draw upon, and with the very small duty of 5 per cent upon sole leather there will be no danger of a trust, unless it be an international one. The bill also makes very substantial reductions

In the duties upon those leathers in which dutiable hides are not employed at all.

Mr. SLAYDEN. Will the gentleman permit one other question?

Mr. McCALL. Certainly.

Mr. SLAYDEN. I would like to ask the gentleman if he believes that there would be importations of shoes even if they were put on the free list?

Mr. McCALL. I will give you my view about that.

Mr. SLAYDEN. I am asking the gentleman's opinion.

Mr. McCALL. They educate the Germans and the French and the other very bright people of Europe—at least we regard them as bright when they land upon our shores—in the use of our modern machines, and they have relatively low wages. You would find, first, that they would come in competition here with a cheaper grade of shoes, and would drive out our manufacturers making these grades, and gradually they would get control of a great deal of our shoe trade, and I believe, possibly would supply half our total consumption of shoes.

Mr. SLAYDEN. What becomes of the boasted efficiency of American labor compared with that of Europe?

Mr. McCALL. It is fashionable to boast of the great superiority of our labor just before election, but I do not believe a man can come here from abroad and go into a shoe factory and do so very much better work than he did when he left his home country.

Now, Mr. Chairman, I will take up another schedule of the bill which is almost at the antipodes of this schedule, and which shows the great range of subjects covered by general revision of the tariff. I refer to the provision of the bill which puts works of art upon the free list.

Mr. MILLER of Kansas. Before the gentleman leaves this phase of the subject, I would like to ask him a question.

Mr. McCALL. I yield, with pleasure.

Mr. MILLER of Kansas. I would like to know if it is the opinion of the gentleman from Massachusetts that boots and shoes would be cheaper if the duty on hides was taken off?

Mr. McCALL. It is very strongly my opinion. The competition between our shoemakers is so intense that they could not take the repealed duty. They would have to give a better shoe, or else they would have to sell the same shoe for less money.

Mr. MILLER of Kansas. I understood the gentleman to say, in answer to the gentleman from Texas, that your farmers or people would be benefited by reason of getting a better shoe.

Mr. McCALL. Yes; that is my opinion. Or getting the same shoe for less money.

Mr. MILLER of Kansas. Now, can the gentleman give the committee any information at all as to the difference in price of the average pair of shoes after the duty is taken off and while the duty was on?

Mr. McCALL. There is a great deal of technical evidence on that point. I imagine that it would make a difference, on an average, of fully 10 cents per pair. Now, I may be entirely wrong about that.

Mr. MILLER of Kansas. Is it not true that the testimony before the Ways and Means Committee varies from 6 cents a

pair to 10 cents a pair, and that there is no evidence before the Committee on Ways and Means in this hearing showing that any manufacturer has testified, or any expert on the subject has testified, that, in his judgment, the price would be more than 6 cents a pair?

Mr. McCALL. With all due regard to my friend, I think he is mistaken in regard to that testimony.

Mr. MILLER of Kansas. I think that is the testimony, exactly.

Mr. McCALL. A very important feature of the bill, to my mind, is that putting upon the free list works of art which have been in existence more than twenty years. Instead of setting up barriers against bringing into the country the great masterpieces of art, we should put a premium upon their importation. In the conquests of Napoleon he took out of conquered countries many of their great art pieces and carried them to Paris. If he did not carry on war for the purpose of securing them, he at least regarded their acquisition as one of the important fruits of victory, and he believed that their possession enriched his own country.

After he had been dethroned the other nations took back the most important works of which they had been despoiled. What he won and lost by war we certainly should not refuse to gain by peaceful conquest. If we permit our men of wealth to buy great masterpieces and bring them into this country, experience shows that they will after a time find their way to the public galleries. The average life of these works in the hands of private collectors in this country, before they find their way to public galleries, is said to be only two years, and even when in private hands they are often thrown open to the public. One of the best private collections of paintings that I have seen in this country was west of the Missouri River and at certain times was open to the public. Many a boy and girl who could not afford to go to Europe and study the masterpieces in the galleries there, could get an inspiration from the study of the masters in their own country, and fortunate will they be if they can be permitted to look upon the immortal tints that Raphael and Titian have put upon the canvas. Works of art such as this bill would admit free have the highest educational value. We should stimulate their importation. It would be like barring out the sunshine to put up barriers against their coming in, and while I regret that the provision could not be made even more liberal, it is one of the most enlightened paragraphs of the bill.

Mr. HARRISON. Does the gentleman from Massachusetts realize that under the provisions for free art no provision is made which would permit the importation of some of the greatest masterpieces of European art, such as the terra cotta of Luca della Robbia and the wooden sculptures of Donatello?

Mr. McCALL. The gentleman refers to the distinction between sculpture and statuary. I should be very glad to see a change made in that respect, and I think one should be made.

Mr. HARRISON. I think so, too; and I am glad to hear the gentleman express the possibility of there being a still more liberal change.

Mr. McCALL. I should be glad to see sculpture put in place of statuary. I now yield to the gentleman from Nebraska [Mr. HITCHCOCK].

Mr. HITCHCOCK. The gentleman makes a plea that American art students be given an opportunity to study art in America. Is it not a fact that works of art, under the present law, are admitted to public museums free?

Mr. McCALL. Undoubtedly.

Mr. HITCHCOCK. So that nothing could be gained under that head.

Mr. McCALL. I can not understand how the gentleman can say that nothing can be gained under that head. It would be very rare that a public museum could afford to buy an ancient great work of foreign art. Private collectors take pride in collecting these works and establishing galleries of their own. And, as I said, experience shows that after two generations these works go into public galleries. So a great deal would be gained under that head.

Mr. HITCHCOCK. Will not this new law be an incentive to private citizens to purchase and import works of art and place them in their own galleries, whereas now, in order to get free entry, they must put them in a public museum?

Mr. McCALL. I hope it will result in their buying them and bringing them in; but, as a matter of fact, they do not to any extent buy them to put them in a public museum. They could do that, anyway, if they were so disposed, and it would not prevent them in any way if they felt generous enough to make a gift of a painting to a public museum.

If the gentleman will pardon me, I do not like to ask an increase of the time on account of the limited time remaining for debate. I would like to take up another schedule of the bill.

I will now ask your attention, briefly, to the metal schedule. There is a very substantial cut upon the many products of iron and steel, with the deeper cut upon the lower forms, upon which less labor has been expended. While possibly the great steel corporation, the most thoroughly organized manufacturing concern in the world, might have been able to stand somewhat larger reductions, the testimony showed that the independent concerns, which produce about half the iron and steel of the United States, would have been put in danger. Pig iron, which lies at the foundation of many great industries, is cut from \$4 to \$2.50 per ton, and scrap iron from \$4 to 50 cents per ton. One of the very best provisions of the bill is that putting iron ore upon the free list. If the existing duty has any effect at all, it is to increase the great fortunes of the men who have acquired substantial control of our known iron-ore deposits. It appeared in evidence that about half of the best of the known iron ores of the country are controlled by a single corporation. They have been increasing in value by leaps and bounds. In 1899, according to Mr. Schwab, the license fee for 58 per cent ore was 10 cents to 15 cents per ton, and now inferior ore is bringing 85 cents per ton. When values of an article of prime necessity have multiplied from six to ten times in a decade, I do not believe the owners stand in need of a law to accelerate the process. I am not an advocate of government ownership; but if I were, I should believe in it for iron ore, as is the case in some of the civilized nations of Europe. It is of universal use. It is almost as necessary as the air we breathe. Our great deposits of iron

may be regarded as one of the very choicest of the gifts of Providence to the Nation. Under our policy of private ownership the control of these ores has come into comparatively few hands.

Deposits which will not soon be needed for the use of man, but will sleep in the sunned earth for generations, have been capitalized and put upon the stock exchanges. Interest must be earned upon them, and the gifts of nature to the race thus become a burden upon mankind. Under our system, if we had greater deposits there would be greater capitalization, more interest would have to be earned, and the man who used iron to-day would have to pay more for it simply because providence had been more generous to the country in which he lived.

But we have recognized the right of private ownership, and I would not disturb that in the slightest degree. I do protest, however, against putting up tariff barriers against our bringing in iron ores from other countries, and thus making still greater the vast fortunes which now exist as a result of the private ownership of these deposits. The practical result of free iron ore may not be very great, but it will check the increase in the cost of the ores, and it will relieve the people along the seaboard and remote from the mines from the necessity of paying some of the freight in carrying this heavy material hundreds of miles. It is this provision in the bill which, in my opinion, more than any other stamps it as a measure in the interest of the great masses of the people. As usual, the burden of the argument for a perpetuation of this duty is put upon the patient back of labor. The removal of the duty can not have the result of diminishing by a farthing the wages of any miner in the United States.

Mr. GRAHAM of Pennsylvania. Will the gentleman permit an interruption?

Mr. McCALL. Certainly.

Mr. GRAHAM of Pennsylvania. While the gentleman is on the iron schedule I should like to get the gentleman's opinion of the result of the change by which the duty on scrap is reduced from \$2.50 to 50 cents a ton. I understand that the tariff upon pig iron is \$2.50 a ton, while the tariff placed in this bill on scrap is reduced to 50 cents. Is there not danger that they will import pig iron broken up, mixed with scrap, and thereby reduce the revenues of the Government?

Mr. McCALL. I have heard that suggestion made. The committee certainly had no intention of leaving the bill open to a construction that would admit broken pig iron as scrap. They had in view simply waste iron, the pure by-product; but there can be no question whatever that the bill should be amended if it would have the effect that the gentleman anticipates.

Mr. GRAHAM of Pennsylvania. Does not the gentleman think it would have that effect, to allow the breaking up of pig iron and the mixing of it with scrap?

Mr. McCALL. I have not studied that provision.

Mr. GRAHAM of Pennsylvania. It is very easily broken up and could be mixed with scrap.

Mr. SCOTT. Will the gentleman permit a short question?

Mr. McCALL. Certainly.

Mr. SCOTT. Does the gentleman believe that it is consistent to remove the duty upon iron, placing it upon the free list, and to take zinc ore from the free list and put a heavy duty upon it?

Mr. McCALL. With regard to zinc ore, this bill was made by a jury of 12 men that worked all winter. No one of them could expect to have the duties upon 5,000 articles all adjusted to his entire satisfaction. I do not believe it would be possible to pick out 12 men in the House who would agree upon every duty. Personally, I favored keeping zinc ore where it was before we began, but the committee took a different position and I support their action.

Mr. COLE. Will the gentleman yield for a question?

Mr. McCALL. I will, but I am afraid my time will expire and I do not wish to ask for an extension.

Mr. COLE. Do you not think it better to put a revenue tariff on iron ore rather than on steel?

Mr. McCALL. A moment ago I gave my idea of a revenue tariff. I do not think it would be a revenue tariff if placed on iron ore.

Mr. HOBSON. The independent iron concerns will be the chief beneficiaries from the free ore, will they not; and that being the case, does the gentleman think that the reduction on pig iron and steel has been too drastic upon the trusts?

Mr. McCALL. I have not thought it was too drastic. I think they can well stand the reduction that has been made, and that other industries will not be in any way injured.

I will now speak concerning the paragraph for reciprocity on coal, which, in effect, means that if Canada will admit our coal free of duty we will extend the same privilege to her coal. In the last fiscal year we exported to Canada 8,592,296 tons of coal and imported from the same country 1,297,405 tons. It will be seen that our exports to Canada considerably exceed our imports. Each country has a duty against the coal of the other. The coal question as between the two countries largely resolves itself into a question of freight. A glance at the map will show that the great Province of Ontario is remote from the Canadian coal fields and near to our own coal in Ohio, Pennsylvania, and West Virginia. On the other hand, our northeastern seaboard is remote from our own coal fields and contiguous to the fields of Nova Scotia. By setting up mutual barriers against coal it can be transported from the mines of Canada farther into the central parts of that country and can also be carried from our mines farther into those regions of this country which would naturally be served by the Canadian coal. These tariffs are expended in each case in paying the useless hauling of freight. If we remove them, we shall supply from our mines the territory of Canada naturally tributary to them, and our own people, who are nearer the Canadian mines, may have an opportunity to get access to them. Why should each nation create artificial barriers in order that labor may be uselessly employed in carrying this heavy commodity? The reciprocal removal of the coal duties will thus take off a tax upon the coal miner and the consumer of both countries and will benefit both.

The sugar duties under existing law are maintained, except that the differential on the refined sugar is reduced by 5 cents a hundred. Whether or not gentlemen agree that there should be a differential, they must concede that the bill has made a substantial reduction from that allowed by existing law. The sugar refiner makes from 100 pounds or imported 96° sugar about 93 pounds of the refined. There is a waste of about 7 pounds in the refining. This waste, however, is also made by his foreign competitor, but the duty upon the 7 pounds wasted, which the American refiner pays, is about 11 cents, and that is an expense which the foreign refiner does not have to bear. It will thus be seen that the differential or the protection accorded the American refiner for refining sugar under existing law amounts to about 15 cents per 100 pounds. The bill must be credited with having reduced this protection by about 33 per cent.

Mr. Spreckels, of the Federal Sugar Company, has been quoted here as favoring the entire removal of the differential. What he said at the hearings is not susceptible of this construction. He declared that he thought he was "entitled to a moderate protection on refined sugars," but that he would prefer absolute free trade to the present schedule, which, of course, would mean the removal of all duty upon raw sugar. This duty upon raw sugar, he thought, gave the sugar trust especial advantages in Louisiana and Hawaiian sugar.

Now, a few words with regard to the maximum and minimum tariff. It seems to be generally conceded that some such system is desirable. It is quite commonly employed by other nations. If we have a single scale of duties which all may enjoy, whether they discriminate against us or not, they are likely to take what we give them and to disregard us if they can make advantageous trades with each other, although to the detriment of our own commerce. The maximum and minimum scale recognizes that there must be some weapons in our armory with which to wage a commercial warfare.

But which should be the regular everyday tariff—the maximum or the minimum? For my part, I can see no ground for the contention that the regular duties, adjusted upon thousands of articles, should be at a higher rate than is demanded by considerations either of revenue or of protection. I am not so enamored with tariffs as to create needless duties for everyday use. To have our maximum rate the regular rate would also be to proceed on the theory that war is the normal state of society, and that you must have resources with which to purchase a peace. The minimum tariff of this bill is given to all nations upon its enactment. The fact that the maximum may be put into effect will lead other nations to refrain from discrimination, but if they should discriminate against us, they then automatically set in motion against themselves the higher rates of our tariff.

Mr. HARRISON. Will the gentleman yield to me for a question?

Mr. McCALL. Certainly.

Mr. HARRISON. Under the provisions of the bill, does the gentleman see any means of getting a concession from other

countries? Instead of reciprocity, this feature is to be used as a punishment.

Mr. McCALL. It leads to reciprocity. We do not punish them; they punish themselves. We establish two scales of duties, and we say to the whole world, You may have them. If they express a preference by saying, We will not use you as well as we do other nations, they express preference for our maximum scale.

Mr. HARRISON. But where is the opportunity for concession if you go at them with a threat?

Mr. McCALL. There is no threat about it. They declare their choice when they elect to discriminate against us, and thereby take advantage of the maximum duties of the tariff.

Mr. SHERLEY. Will the gentleman from Massachusetts yield for a question?

Mr. McCALL. I will yield to the gentleman from Kentucky.

Mr. SHERLEY. Any discrimination that might be made by a foreign nation would immediately, as it is said, automatically bring into effect our maximum rate.

Mr. McCALL. That is the object of the bill.

Mr. SHERLEY. Might not that preference given to another nation apply only to some article that we were wholly indifferent about?

Mr. McCALL. Oh, I think it must be something material, substantial.

Mr. SHERLEY. But the very fact that the provision is automatic in its working shows that the brains are taken out of it and it acts like a machine. It is not a question of whether the preferential rate is of any value or not; it is simply the fact of one.

Mr. McCALL. They are not under any other obligation to give any foreign nation the advantage of our Government.

Mr. SHERLEY. It is not that they should give to us the same rate as to another country, but they should not give such a rate to another country as would discriminate materially against us, and yet by the automatic arrangement the discrimination might be something that we cared nothing about, and yet that would put the maximum rates in effect and thus might punish ourselves instead of the foreign country.

Mr. McCALL. Possibly.

Mr. HITCHCOCK. I would like to ask the gentleman from Massachusetts a question.

Mr. McCALL. I will yield to the gentleman.

Mr. HITCHCOCK. I would like to ask the gentleman this question: The minimum tariff under the pledge of the Republican platform is to give such a protection as will compensate for the difference in cost in America and abroad and give a reasonable profit. I desire to ask the gentleman from Massachusetts, when we add the 20 per cent to create the maximum rate, what sort of a profit will be guaranteed to the American manufacturer?

Mr. McCALL. I ask any gentleman who contends that the maximum tariff should be arranged with reference to the difference in cost and the reasonable profit if he would not reach the same difficulty at the other end of the proposition?

Mr. HITCHCOCK. I ask further, if the maximum rate will not guarantee an unreasonable profit if the minimum guarantees a reasonable profit?

Mr. McCALL. It is not probable that our maximum tariffs are going to be enforced against every nation in the world at once. There is scarcely a possibility that it may ever be in force against Great Britain, which has made herself the clearing-house of the world's trade.

Mr. HITCHCOCK. The gentleman does not answer the question.

Mr. McCALL. And the result of the 20 per cent would have very little, if any, effect in most cases.

Mr. HITCHCOCK. It does not follow that if the minimum tariff—

Mr. McCALL. Oh, Mr. Chairman, I see the gentleman's point, and I think I answered it fairly. I have no objection, however, to the gentleman repeating his interrogatory.

Mr. HITCHCOCK. The interrogatory is this: That if the minimum tariff is sufficient to guarantee reasonable profits, as the Republican platform provides, will not the maximum tariff provide for unreasonable profits?

Mr. McCALL. I do not think it will. Now, let me say one thing further upon this question of the maximum and minimum, which will make my position clear. They should relate especially to luxuries, to the things in which those who may discriminate against us find a great profit, and which in an emergency we could get along without; but the maximum tariff should touch very lightly upon the necessaries, for if it is applied heavily to them we should be engaged in the sort of warfare where one fires into his own ranks. There is no general maximum leveled in the bill. I would say that to my friend from Nebraska [Mr. HITCHCOCK]. Some of the schedules have no maximum at all. In my opinion, however, if the bill is to be amended in this regard, it should be to reduce the maximum in some cases and to remove it entirely in other cases.

Mr. SHERLEY. Mr. Chairman, I do not want to interrupt the gentleman if he does not desire to be interrupted—

Mr. McCALL. I wish to get through within my hour, but I will yield to the gentleman if he thinks it really important.

Mr. SHERLEY. I was simply going to ask the gentleman what his opinion was as to the maximum on lumber.

Mr. McCALL. Mr. Chairman, there should be no maximum on lumber at all. I think that is a case where we would punish ourselves more than we would punish anybody else. I think we should not level any general maximums, but we should pick out those articles in which foreign nations get the most profit, and which we might in a pinch get along without.

Mr. Chairman, it is a habit gentlemen have, in discussing tariff bills, to declaim against New England, and especially Massachusetts, as if that part of the country was the chief author and beneficiary of the policy of protection, and that habit has been followed by some gentlemen taking part in the present debate. The precedents for this course are very ancient, and gentlemen fail to note both the absence of any reasonable ground for the precedents originally and the great change in conditions since they were established.

Invective against New England on account of the tariff is nearly as orthodox in some quarters as hostility to Great Britain was in this country prior to the present generation. It was a regular part of the training of the American youngster to teach him to declaim against England. This was taught in our schools, in our public discussions, and in our newspapers. If the colleges of the former times had been as responsive to the popular demands as they are to-day, they would very likely have had courses on "How most scientifically to hate England." The "lion's tail" then held the same place in our politics that is taken now by the trusts. And if a very recent régime had been in force a couple of generations ago, it is interesting to speculate upon what hair-raising situations might have been developed upon the British issue. [Laughter.]

Anyone to-day who keyed up his speech to this obsolete sentiment would be talking nonsense, but certainly not more so than to parade the ancient sectional denunciations of New England on account of the tariff.

Now, what are the facts?

In the first place, New England is not responsible for the adoption of the protective policy in the United States. The bill of 1816, which embarked the country decisively upon the policy of protection was enacted against the votes of the representatives of New England and found its strongest support among the southern Members. The forces of protection were led by two great southern statesmen, Henry Clay, of Kentucky, and John C. Calhoun, of South Carolina; and the forces of free trade were led by a great New England statesman, Daniel Webster, of New Hampshire. And the forces of the South, joined by those from the West, triumphed over New England. New England was lacking in the ordinary great natural resources. But she was admirably situated for commerce and she had a hardy and adventurous race of sailors eager to dare the perils of every sea.

As was said in the first Congress in debate, she ploughed the sea rather than the land. Her merchants had built up a flourishing trade extending to almost every portion of the globe. Her fishermen caught immense quantities of cod off the banks of Newfoundland and harpooned the whale in the far northern seas. They were especially the men upon whom Burke pronounced his splendid eulogy, and of whom he said:

No sea but what is vexed by their fisheries; no clime that is not witness to their toils.

New England did not, as I have said, have the fertility and the great natural resources of other parts of the country, but she had one great natural advantage. She had the sea, and through commerce her people had attained remarkable prosperity. They did not wish to see the advantages of the sea taken away and their ports shut up by the imposition of high tariffs; but they submitted to the national decree firmly established against their protest, and they turned their attention to manufacture. And while they have followed them with great success, relatively to the rest of the country, New England is not as rich to-day as when she was chiefly a commercial community. Nor is it true that she is to-day especially the beneficiary of the tariff rather than the other parts of the country. I have already

referred to the great increase in the manufacture of boots and shoes in the central part of the country, an increase which appears to a greater extent in Missouri than in any other State in the Union.

Take the cotton-manufacturing industry. It has taken hold with splendid vitality upon the soil out of which the cotton springs. Out of our 26,000,000 spindles more than 10,000,000 are in the cotton-growing States, and in less than twenty years the number of spindles in these States has increased 600 per cent, as against about 40 per cent for the rest of the country. The mills of the cotton States consume more than 2,000,000 bales of cotton each year, or about 200,000 more bales than is consumed by all New England.

We still export more than half of our cotton crop, but if the rapid growth of cotton manufacturing in the South shall continue it will not be long before the greater part of our cotton will be manufactured in the cotton-growing States. I think no southern gentleman will maintain that this industry does not have generous protection.

The pending bill also imposes protective duties upon fruits, tobacco grown under expensive roofs to protect it from the sun, sugar, lumber, and upon other important industries of the South. There are a multitude of protected industries in other parts of the country. These are enormous manufacturing industries, industries that have made single fortunes of more than a hundred million dollars, that have scarcely a representation in New England. She is remote from the domestic sources of the great elementary substances of manufacture and remote also from our great markets, and if she is interested in the policy of protection, the country as a whole is equally, or even more vitally, interested.

The only justifiable object of a protective tariff is to develop in our Nation the industries which it is naturally fitted to carry on. It should not have for an object to divert labor into channels where it would be employed at a disadvantage. The gospel that labor in itself is a blessing is preached by those who have practiced it but little. A country with poor natural resources and a sterile soil, where a man could wring from nature only with great difficulty the bare means of subsistence, would be the ideal sort of a country, according to some gentlemen's ideas of labor. There everyone would have an opportunity to work and to work hard. But such a country would be a proper home for a penal colony and not for a nation. [Applause.]

Blessed as we are with an unexampled variety of splendid natural resources we should not by legislation make our country to any degree the sort of a land to which I have just referred. We can employ our labor with profit upon those natural resources which are ours beyond question, and we do not need to go into the hothouse business and to divert the labor of America into doing those things which the sunshine and the climate of other lands would do for us with only a slight contribution from labor. Where we are fitted by nature to carry on an industry with a given amount of labor as well as it can be carried on abroad, we should develop and encourage such an industry; but when we embark upon lines which must be

followed permanently at a disadvantage, we waste labor and do violence to the laws of nature. Where the difference in the labor cost of production is caused, not by the greater amount of labor required, but by the greater wage, there protective laws should intervene. Let us employ our labor in doing those things which we can do to the best advantage and permit foreign nations to do the work which they have greater natural advantages for doing, and then exchange our products with them. That is the sound basis for industry and for international trade. There is a great deal of truth in the celebrated saying of Bentham:

Industry makes of government as modest a request as that of Diogenes to Alexander, "Stand out of my sunshine."

I believe that the schedules of this bill let in the sunshine upon many industries which need it. I believe that it will tend to foster the employment of American labor in the most profitable channels; that it will save labor now wasted or unprofitably employed; that it is against the interests of monopoly and in favor of the great mass of the people; and that if it shall be enacted into law it will be, on the whole, the most comprehensive and enlightened tariff law enacted in this country in a half century.

And now separate and apart from what I have been saying, I shall speak briefly upon those provisions of the bill which relate to the Philippine Islands. I think our relations with those islands should have been dealt with in a separate measure.

The bill provides practically for free trade under present conditions between them and the United States in their products and our own. As they are American territory, I hold to the opinion that the Constitution and the very genius of our institutions entitled them to free trade. As we are, in substance, granting free trade in their products by this bill, we should grant it ideally and with no technical limitation. It is repugnant to the spirit of American history that we should levy duties upon articles going from one portion of American territory to another portion. The free trade proposed by the bill is justified by this consideration rather than by any consideration of an economic character. Those islands are upon the other side of the globe. They differ as radically in natural conditions from this country as does any country in the world. Their scale of wages is greatly lower than ours. Making laws for them and for this country presents radically different problems.

Mr. HARRISON. I would like a question right on the point that the gentleman is referring to. I would like to know if he has received a letter, as I did, from Irving Winslow, secretary of the Anti-Imperialist League, from the gentleman's own State, in which the writer says that the Filipinos are resisting this proposed free trade with us on the ground that it will make them economic slaves to the United States? Mr. Winslow seems to side with the Filipinos. Will the gentleman say whether that is an expression of the popular opinion in Massachusetts or not?

Mr. McCALL. If you will permit me to go on, I was about to speak of that in another connection.

We do not come naturally under the same fiscal system. Natural conditions and American political theories thus coin-

cide in pointing the same way. We should levy our tax laws upon ourselves and permit them to levy their tax laws upon themselves.

But we are practically granting them free trade. This grant will perhaps lead to investments in the islands by people in the United States and to the creation of new interests there. It seems to me, therefore, that it is important that we should accompany this grant with something that will serve as notice to the interests which will spring up and declare what our ultimate policy in the islands is to be. Otherwise, people becoming interested under the operation of this law will say they went there under the broad shield of the United States, and will ask that that shield be kept over them.

I have noticed the manner in which this bill has been received by the Philippine assembly. That is no revolutionary body, but it was set up under our auspices. So far as this country is concerned, it can not be suspected of having an unfriendly structure. And it is most significant of the aspiration of the people of those islands that, great as the advantages of this bill are to them, their assembly, constituted by us, puts above those great material advantages the cause of the independence of their country. Believing that free trade with this country will call into being powerful interests hostile to their independence, they do not wish to accept the gift. I believe we should heed their wish and couple this grant with an unequivocal declaration of our ultimate policy which will sanctify every schedule of this bill and make it one of the most glorious acts in our history. [Applause.]

There are only three solutions which we can avow. We can declare that we propose to hold them perpetually as vassals, passing their taxation laws at Washington, and conceding them now a little authority and now, perhaps, none at all; or that we will admit them some day as States into the American Union to take part in the common government; or that we will endeavor to fit them for self-government; and when that result shall have been accomplished will permit them to take their place among the free and independent nations. To my mind the first and second purposes are inadmissible. I have heard no one seriously avow either of them. Then why not, at the same time that we are granting them this extension of trade and calling new interests into being, why not declare that it is our purpose to fit them for self-government and then to grant them their freedom? [Applause.] Such a policy has been, in effect, approved by Mr. Taft before he became President and by his two predecessors in office. But the treaty of Paris imposes upon Congress the duty of fixing the status of the Philippines. Then let Congress at this fitting moment frankly declare, after ten years of drifting, just what we mean to do with those people. Let us make the declaration called for by American principles. Let us make it no less in their interests than in our own. [Loud applause.]

